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Analysis of the Impact of Company Merger on Company Financial Performance: A Case Study of PT Perikanan Indonesia

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Abstract: This study aims to analyze the impact of the merger between PT Perikanan Indonesia and PT Perikanan Nusantara on the financial performance of the merged entity. This merger was implemented in 2021 as an effort to improve operational efficiency and company competitiveness. The research data includes PT Perikanan Indonesia's financial statements over a six-year period, namely three years before and three years after the merger (2018–2023). The research method used is quantitative, with analysis techniques including descriptive statistics, the Kolmogorov-Smirnov normality test, and the Wilcoxon Signed Rank Test. The analysis results show that liquidity ratios (CR and QR) decreased, while solvency ratios (DAR and DER) increased. On the other hand, profitability ratios (NPM, ROA, ROE) showed a downward trend after the merger. These findings indicate that the merger did not have a positive impact on PT Perikanan Indonesia's financial performance, caused by increased liabilities and a less than optimal integration process. The implications of this study highlight the need for more mature and flexible post-merger integration strategy planning.

Keywords: Merger, Financial Performance, Liquidity, Solvency, Profitability, PT Perikanan Indonesia

INTRODUCTION

Global changes and the impact of the COVID-19 pandemic have significantly transformed the business landscape, forcing businesses to develop strategies to maintain business continuity and competitiveness. One increasingly popular strategic approach is mergers, which involve combining several business entities to strengthen market position, optimize operational efficiency, and improve a company's financial fundamentals (Sudershan & Jhaveri, 2017). This mechanism is also considered effective in reducing the risk of insolvency, particularly for corporations experiencing financial difficulties. Evidence of this can be seen in the case of the merger of PT Indosat Tbk with PT Hutchison Tri Indonesia, which demonstrated positive developments, particularly in terms of liquidity and solvency (Sitepu et al., 2023).

In evaluating the success of a merger, financial statement analysis is the primary method used. Accounting documents such as balance sheets, income statements, cash flow statements, and statements of changes in equity provide a comprehensive picture of the company's capabilities. The operational and financial condition of an entity (Pramuka, 2017). The use of financial ratios—including liquidity, solvency, and profitability—allows an assessment of a company's ability to meet liabilities, manage *leverage* , and create economic value. Therefore, the impact of a merger should not only be seen in structural organizational changes but should also be measurable through improvements in financial performance indicators.

Table 1. Financial Ratio Data for Pre- and Post-Merger Years

Year	Company	CR Results	QR Results	NPM Results	ROA Results	ROE Results	DAR Results	DER Results
2018	Perindo Housing Complex	**2.2**	**1.9**	**3%**	**3%**	**6%**	**54%**	**117%**
	Perinus	**5.3**	**4.7**	**-6%**	**-4%**	**-8%**	**45%**	**82%**
2019	Perindo Housing Complex	**0.57**	**0.51**	**0.2%**	**-0.1%**	**0.2%**	**56%**	**128%**
	Perinus	**0.8**	**0.8**	**-31%**	**-15%**	**-39%**	**61%**	**157%**
2020	Perindo Housing Complex	**0.62**	**0.54**	**-17%**	**-7%**	**-18%**	**61%**	**160%**
	Perinus	**0.9**	**0.8**	**-42%**	**-12%**	**-51%**	**76%**	**313%**

Source: Processed data from Report Finance of PT Perikanan Indonesia (2024)

PT Perikanan Indonesia (Perindo), a state-owned enterprise operating in the fisheries sector, underwent a horizontal merger with PT Perikanan Nusantara (Perinus) in 2021 based on Government Regulation Number 99 of 2021. This merger was motivated by declining revenue and net profit in both companies during the 2018–2020 period, as well as the Ministry of State-Owned Enterprises' directive to establish a national food holding company. Although expected to increase efficiency and competitiveness, this merger instead presented new challenges, such as increased debt due to the transfer of all Perinus' obligations to Perindo, as well as less than optimal operational performance after the integration (Jannah, 2020).

Findings from various studies indicate that the impact of mergers on financial performance is not always positive. Kurnia (2020) found that the liquidity ratio did not improve after a merger, while a study by Oktavia & Feronika (2019) showed an increase of up to 143%. Catherine et al. (2021) noted that mergers in the healthcare sector in ASEAN countries actually had a negative and insignificant impact on profitability. This inconsistency is caused by many factors, such as differences in industry, company scale, and research approach. Most previous studies are based on secondary data (Lubis et al., 2024; Kurniati & Asmirawati, 2022), thus not fully reflecting the actual conditions after integration.

Considering the context outlined above, this study aims to evaluate the impact of the merger on the financial performance of PT Perikanan Indonesia through a comparative analysis of liquidity, solvency, and profitability ratios in the pre- and post-merger periods. In addition to a quantitative approach, this study also integrates qualitative methods in the form of in-depth interviews with directors to get their views It is hoped that the findings of this study will provide a dual contribution, both in conceptual enrichment of synergy theory and signaling theory, and in implementation aspects in the form of strategic recommendations for policymakers, business practitioners, and academics in assessing the success of corporate consolidation in areas that are crucial to the national economy (Cahyawati et al., 2022; Kharisma, 2021).

METHOD

This study apply methodology quantitative based studies case use evaluate influence merger business to performance PT Perindo's finances in range 2018 to 2023. Approach quantitative adopted Because his abilities in test hypothesis as well as analyze relatedness between variables through numerical data and processing statistics (Sugiyono , 2016). Focus study aimed at Perindo which is carrying out a consolidation process business with PT Perinus in 2021. Within the framework analysis , financial data classified into two phases time : three year pre -merger (2018-2020) and three year post -merger (2021-2023).

Study This using two types of data, namely primary data and secondary data . Primary data is obtained through method interview planned activities carried out to directors of PT Perikanan Indonesia, in particular Director Finance, for dig information deep about reasons for merger, its impact to operational, improvement strategy efficiency, as well as challenge financial post-merger. Meanwhile that is secondary data collected from report finance company, journal scientific, publication official, and relevant literature (Sekaran & Roger, 2016), so that support findings and enrichment interpretation analysis.

This study evaluated performance finance company with analyze three group ratio main, among others, are liquidity, solvency and profitability. Ratios liquidity used For evaluate ability company in finish obligation term short . In research this , ratio liquidity measured use Ratio Calculated Current (CR) with CR formula = Current Assets / Liabilities Smooth , and Ratio Quick (QR) count through QR equation = (Current Assets - Inventory) / Liabilities Smooth . Meanwhile that , the ratio solvency used For evaluate ability company in fulfil obligation term length . Two main parameters in ratio solvency is Debt to Asset Ratio (DAR) is calculated with DAR formula = Total Debt / Total Assets, and Debt to Equity Ratio Equity (DER) calculated using the formula DER = Total Debt / Equity.

This study inspect ratio profitability for know how much good company in produce profit. Analysis use three indicator main , namely Net Profit Margin (NPM) is calculated with share profit clean with income clean Then multiplied by 100%, Return Return on Assets (ROA) obtained from distribution profit clean to total assets Then multiplied by 100% and Return to Equity (ROE) calculated with share profit clean with total equity holder share Then multiplied by 100%. Third ratio the in a way comprehensive show ability company in create profit, good from operational sales, use assets, as well as return investment holder shares (Pramuka, 2017).

Study This apply three stages data analysis for test impact of the merger. First , analysis statistics descriptive used For see pattern development ratio finance in a way comprehensive (Gravetter & Wallnau , 2013). Second , the normality test *Kolmogorov-Smirnov* done For inspect data distribution (Sihombing & Mustafa, 2016). Stage third involving testing average difference with notice normality test results . Statistical tests used for the following data normal distribution is *Paired Sample T-Test* , whereas for abnormal data is used *Wilcoxon Signed Rank Test.* All tests were performed with level 5% significance for determine existence difference significant on the ratio liquidity , solvency , and profitability before as well as after the merger. Third stages analysis the become the main test equipment used For evaluate in a way objective change performance PT Perikanan Indonesia's finances after the merger.

RESULTS AND DISCUSSION

PT Perikanan Indonesia, which is the result of the transformation of the Company General P rasanan Fisheries Ocean (Perum PPS) since 1990 and merged with PT Perikanan Nusantara in 2021, operating three main business lines that is fish processing and trading, port services, and fish feed production. An analysis of the company's financial performance from 2018 to 2023 reveals significant dynamics following the merger. Can seen in Table 2 ratio finance Pre and Post Merger of Companies.

Table 2. Pre-Post Merger Financial Ratios of the Company

Variables	Pre-Merger			Post-Merger		
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
CR	2.21	0.57	0.62	0.37	0.56	0.35
QR	1.91	0.51	0.54	0.34	0.48	0.31
DAR	54%	56%	61%	78%	84%	89%
DER	1.17	1.28	1.6	3.4	5.3	8.35
NPM	3%	0.2%	-17%	-49%	-20%	-11%
ROA	3%	0.1%	-7%	-17%	-8%	-5%

ROE	6%	0.2%	-18%	-77%	-50%	-47%

Source: Processed data from Report Finance of PT Perikanan Indonesia (2024)

Liquidity Performance: A liquidity ratio analysis shows a worrying trend. The current ratio (CR) decreased from 2.21 (2018) to 0.35 (2023), while the quick ratio (QR) decreased from 1.91 to 0.31 during the same period. These values are well below the industry standard (>1), indicating the entity is struggling. in completing short-term liabilities. This finding is consistent with research by Saleh and Abdul (2020), which also observed a decline in liquidity after the merger.

Solvency Structure: In terms of solvency, the debt-to-asset ratio (DAR) increased from 54% to 89%, while the debt-to-equity ratio (DER) jumped from 1.17 to 8.35. This sharp increase in leverage reflects an overreliance on debt financing, as revealed in management interviews regarding post-merger financial restructuring challenges. These results align with the findings of Zhang et al. (2018) on the negative impact of high *leverage* post-acquisition.

Profitability Level: Profitability indicators show less than encouraging performance. Net profit margin (NPM) remains negative (-11% in 2023), as do returns on assets (ROA) and equity (ROE). Despite gradual improvement from the lows in 2021, this indicates that the synergies expected from the merger have not yet materialized. This finding supports research by Priadi et al. (2024) on the challenges of achieving profitability after a business merger.

Statistical Test : The *Kolmogorov-Smirnov* normality test shows that most variables have a normal distribution, but the pre-merger liquidity ratio variable is not normally distributed. Thus, it can be concluded that the data used is not normally distributed, so for further testing the *Wilcoxon Signed Rank Test method was used* . The *Wilcoxon* test further shows that changes in the liquidity ratio (Z = -1.604, p = 0.109), solvency (Z = -1.604, p = 0.109), and profitability (Z = -1.069, p = 0.285) are not statistically significant. This means that the merger the entity has not had a transformational impact on financial performance.

Test Statistics[a]

	PascaCR - PraCR	PascaQR - PraQR	PascaDAR - PraDAR	PascaDER - PraDER	PascaNPM - PraNPM	PascaROA - PraROA	AfterROE - PraROE
Z	-1.604[b]	-1.604[b]	-1.633[c]	-1.604[c]	-1.069[b]	-1.069[b]	-1.604[b]
Asymp. Sig. (2-tailed)	.109	.109	.102	.109	.285	.285	.109

a. Wilcoxon Signed Ranks Test

b. Based on positive ranks.

c. Based on negative ranks.

Figure 1. ***Wilcoxon Signed Rank Test***

Source: Processed data, 2024

The findings of this study highlight the importance of a collaborative approach holistic in managing post-merger. Companies need to Accelerate operational integration, undertake comprehensive debt restructuring, and optimize asset utilization. As Thelisson (2021) suggests, building cross-functional teams and aligning organizational cultures are key to a successful post-merger strategy.

Although the financial analysis indicates post-merger challenges, there are several positive impacts that have the potential to form the foundation for long-term improvement, including : increased business scale through asset consolidation and network expansion of 12 branches and 21 units that strengthen market position; an improving EBITDA trend indicating a recovery in operational profitability, supported by cost efficiencies from the closure of non-productive units; potential long-term synergies in supply chain optimization and strengthening competitiveness; support as a state-owned enterprise that opens access to strategic financing; and organizational learning in change management and system integration. Although these impacts are not yet fully reflected in the 2021–2023 financial ratios, the results of management interviews and EBITDA data indicate an initial foundation for transformation, provided it is followed by a debt restructuring strategy and a focus on *quick wins* such as the sale of non-core assets.

CONCLUSION

Study This test the impact of the merger on performance PT Perikanan Indonesia's finances through analysis three aspect main: liquidity, solvency and profitability. The results show that merger company Not yet give impact significant positive in a way overall . Findings This confirm that the integration process post -merger needs a more approach comprehensive, especially in manage aspects critical that influences performance finance.

In this aspect liquidity, testing to Ratio Current Ratio (CR) and Ratio Quick (QR) shows No existence difference significant between period pre and post-merger ($p>0.05$). Conditions This indicates that the merger has not yet succeed increase ability company in settle long-term debt in short . Problem main located in management underpayment of receivables effective and integration process Suboptimal operational performance , which impacted the company's cash flow . However , the merger has enabled more optimal consolidation of current assets. The company now has access to more adequate port and *cold storage facilities, which in the long term should improve operational efficiency and liquidity.*

Analysis ratio solvency (DER and DAR) is also not show change means post -merger ($p>0.05$). Findings This disclose challenge in legacy debt management and lack of restructuring strategy effective finance . Conditions This show that the merger is not as well as immediately finish problem the company's capital structure , but rather precisely need approach special in management liabilities . However , the merger This can provide an opportunity for integrated debt restructuring. The government, as a shareholder, can capitalize on this momentum to restructure the capital structure through healthier financing schemes.

Testing to indicator profitability (NPM, ROA, ROE) shows less trend encouraging ($p>0.05$). Cost high integration and not yet optimally utilization asset become factor reason main . This result confirm that achievement synergy operational and financial need more time long and more implementation strategies ripe compared to with estimation On the other hand, the merger has created potential business synergy opportunities. The consolidation of the two companies' distribution networks and fish feed factories is beginning to show a positive impact on market share expansion, although this is not yet reflected in short-term financial statements.

Based on research findings, although the merger has not shown a significant impact on financial performance in the short term, there are several positive potentials that need to be developed through specific strategies, including: comprehensive debt restructuring to improve the financial structure, optimization of asset and operational management to increase efficiency, and development of a KPI-based monitoring system. On the other hand, the merger has provided a positive foundation in the form of expanded business capacity through the integration of strategic assets, potential integrated supply chain efficiencies, and strengthened position as a leading state-owned fisheries company. To maximize these benefits, synergy between the company and the government is needed through the development of more comprehensive merger guidelines for sector-specific state-owned enterprises, the provision of working capital , and technical assistance in post-merger business transformation to accelerate the realization of the strategic value of this merger.

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